

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 /070 W
-----074306 101759Z /45

R 122348Z AUG 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 0554
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
AMEMBASSY BRUSSELS
AMEMBASSY BERLIN
AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY ROME

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USEEC

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: FRG UNEMPLOYMENT SITUATION CREATES GENERAL
CONCERN

REF: BONN 12818

SUMMARY: THE UNUSUALLY LARGE JULY INCREASE IN NON-
SEASONALLY ADJUSTED UNEMPLOYMENT IN THE FRG WAS THE
SECOND CONSECUTIVE MONTH THAT THIS FIGURE HAS EXCEEDED
LAST YEAR'S LEVELS. SEASONALLY ADJUSTED FIGURES ALSO
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ROSE FOR THE FOURTH MONTH IN A ROW, WITH UNEMPLOYED
UP 8,000 FROM JUNE. THESE FIGURES HAVE CREATED GENE-
RAL CONCERN IN GOVERNMENT CIRCLES, POLITICAL PARTIES
AND UNIONS. THE GOVERNING SPD/FDP PARTIES AND THE
CDU/CSU OPPOSITION ARE URGING THE GOVERNMENT TO TAKE
ADDITIONAL MEASURES TO COMBAT UNEMPLOYMENT. END
SUMMARY.

1. AN OVERALL REVIEW OF THE UNEMPLOYMENT PICTURE
FOLLOWS (ALL TOTALS IN THOUSANDS, ALL RATES IN
PERCENTAGES):

UNEMPLOYMENT	COMPARISONS					
	JULY 77		JUNE 77		JULY 76	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
SEAS.ADJ.	1,049		1,041		1,035	
NON-SEAS.	972,6	4.3	931,0	4.1	944,6	4.1
ADJ.						
MEN	465.0	3.3	451.2	3.2	476.9	3.3
WOMEN	507.7	6.0	479.8	5.6	467.7	5.5
REG.JOB	256.7		261.9		276.2	
OPENINGS						
PART TIME	210.4		256.5		82.8	
WORKERS						
FOREIGN	74.8	3.7	83.1	4.2	79.2	3.8
WORKERS						
YOUTH	96.4	4.5	80.0	3.8	85.8	3.9
(UNDER 20)						

2. THE FEDERAL EMPLOYMENT SERVICE ATTRIBUTES THE IN-
CREASE IN THE UNADJUSTED FIGURES IN PART TO UNFAVORABLE
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SEASONAL INFLUENCES, SUCH AS THE END OF THE SCHOOL
YEAR WITH SCHOOL LEAVERS NEWLY ENTERING
THE LABOR MARKET AND THE INCREASING TENDENCY OF PLANTS
TO CLOSE DOWN TEMPORARILY DURING THE VACATION PERIOD,
THUS STOPPING NEW HIRINGS. IN THE SECOND CONSECUTIVE
MONTH SINCE APRIL 1976, UNEMPLOYMENT LEVELS WERE HIGHER
THAN IN THE PRECEDING YEAR. THE NUMBER OF FEMALE UN-
EMPLOYED (508,000) AGAIN EXCEEDED THAT OF MEN
(465,000).

3. SEASONALLY ADJUSTED UNEMPLOYMENT INCREASED IN
JULY BY ANOTHER 8,000, REACHING 1,049,000, AND THUS
OUTNUMBERING THE PREVIOUS YEAR'S LEVEL BY 14,000.
(THE BUNDESANSTALT REVISED ITS JUNE SEASONALLY AD-
JUSTED FIGURES FROM 1,034,000 TO 1,041,000.)

4. GEOGRAPHICALLY, JULY UNEMPLOYMENT WAS HIGHER IN
ALL AREAS EXCEPT WEST BERLIN WITH ABOVE-AVERAGE IN-
CREASES BEING REGISTERED IN RHINELAND-PALATINATE
(PLUS 7.3 PERCENT OR 21,500). UNEMPLOYMENT REMAINED

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MOST SEVERE IN LOWER SAXONY-BREMEN WITH 5.3 PERCENT,
FOLLOWED BY NORTH RHINE-WESTPHALIA WITH 5.1 PERCENT,
AND RHINELAND-PALATINATE-SAARLAND WITH 5.0 PERCENT.
THE LOWEST UNEMPLOYMENT RATES WERE IN HESSE WITH 3.8
PERCENT, SOUTH BAVARIA WITH 3.3 PERCENT AND BADEN-
WUERTTEMBERG WITH 2.8 PERCENT.

5. REACTION BY THE REPRESENTATIVES OF THE SPD/FDP
COALITION AND THE CDU/CSU OPPOSITION PARTIES REFLECTED
GROWING CONCERN OVER FUTURE LABOR MARKET DEVELOPMENTS.
FDP BUNDESTAG DEPUTY AND SPOKESMAN FOR SOCIAL AND LABOR
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AFFAIRS, HOELSCHER, SUGGESTED THAT THE FEDERAL, STATE AND LOCAL GOVERNMENTS PREPARE ADDITIONAL INCENTIVE PROGRAMS WHILE SPD SOCIAL AFFAIRS SPOKESMAN EUGEN GLOMBIG ALSO URGED THE STATE AND LOCAL GOVERNMENTS TO TAKE INITIATIVES TO COMBAT UNEMPLOYMENT. CDU BUNDESTAG DEPUTY ADOLF MUELLER (REMSCHIED) REQUESTED SUBMISSION BY THE GOVERNMENT OF A COMPREHENSIVE PROGRAM TO ELIMINATE UNEMPLOYMENT AS SOON AS POSSIBLE AND CRITICIZED THE GOVERNMENT FOR HAVING BEEN UNABLE TO REDUCE UNEMPLOYMENT BELOW THE ONE MILLION MARK DURING THE LAST THREE YEARS. WHILE THE GERMAN TRADE UNION FEDERATION (DGB) REAFFIRMED ITS RECENTLY PUBLISHED PROGRAM TO RESTORE FULL EMPLOYMENT, THE INDEPENDENT GERMAN SALARIED EMPLOYEES UNION (DAG) APPEALED TO EMPLOYERS AND WORKS COUNCILS TO GIVE UP OVERTIME IN FAVOR OF NEW HIRINGS AND URGED MORE ENERGETIC MEASURES TO COMBAT UNEMPLOYMENT.

6. THE NEWS MAGAZINE "DER SPIEGEL" ALLEGED THAT A SECRET STUDY BY ECONOMICS MINISTER FRIDERICH'S CONTAINED PESSIMISTIC ECONOMIC FORECASTS INCLUDING A POSSIBLE AVERAGE UNEMPLOYMENT LEVEL FOR 1977 AS HIGH AS 1.1 MILLION. THIS WOULD BE HIGHER THAN THE 1975 AND 1976 AVERAGE, AND WOULD FALL FAR SHORT OF THE GOVERNMENT'S ORIGINAL GOAL OF 850,000, OR LESS THAN FOUR PERCENT. GOVERNMENT SPOKESMAN GRUENEWALD DENIED THE EXISTENCE OF ANY SECRET REPORT, BUT CONCEDED THAT THE ORIGINAL ECONOMIC AND EMPLOYMENT GOALS COULD NOT BE MET AND INDICATED THAT THE GOVERNMENT EXPECTS UNEMPLOYMENT IN 1977 TO AVERAGE 1,020,000, AS COMPARED TO 1,060,000 IN 1976.

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